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TFG a rare SA success story Down Under

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TFG seems to have avoided costly blunders SA companies make in Australia as the owners of Sportscene and Foschini outlets says sales growth at its stores Down Under defy its own expectations.

The biggest reseller of Nike and Adidas products in SA reported the fastest sales growth among its three main divisions in the nine months to end-December in Australia, where it entered the market with the acquisition of Retail Apparel Group (RAG) — a men's wear chain bought for almost R3bn in 2017 and renamed TFG Australia.

The division's sales performance beat a 1.1% sales decline in the group's UK business and 5.9% increase in its biggest African unit with an 11% surge.

This is in sharp contrast to failed forays by several SA companies including Woolworths, whose ill-fated R21bn acquisition of Australian department store chain David Jones has been marred by writedowns and is believed to be behind the

resignation of CEO Ian Moir, architect of the 2014 deal.

Other companies that have had a terrible time in Australia include Pick n Pay, which exited the country a decade ago after having sunk and lost hundreds of millions of rand trying to turn it around.

TFG, which makes about 15% of its annual sales in Australia, had done well in that country because it had left local management in place to run it, even incentivising them to remain at the company after buying it, analysts said.

"So far, the acquisition of RAG Group seems to be one of the few success stories of SA companies entering the Australian market," Samantha Steyn, chief investment officer at Cannon Asset Managers, said.

"The key difference for TFG compared to other SA retailers entering Australia is that the original owner of RAG still runs the business.

"Time will tell if they have 'broken the Australian curse'."

Australia has high rentals and operating costs, giving businesses little room to make errors.

The high operating costs, for



RIGHT APPROACH: TFG, owners of Foschini, have avoided some of the costly blunders SA companies have made in Australia.

Picture: SUPPLIED

example, have been hitting Spur restaurants in New Zealand and Australia, with sales down 15% in 2019.

Jordan Weir, an equity trader

at Citadel, said: "TFG, without a doubt, appears to have broken the trend of struggling SA companies operating in Australia.

"This is in no small part

thanks to its hard work in creating robust partnerships on the ground."

Overall, TFG's sales growth of 5.9% was boosted by Black Fri-

day sales, CEO Anthony Thunström said, adding that local Black Friday sales helped "offset the negative impact of the load-shedding". —*BDlive*